

Minutes of the Finance Committee
Wednesday, February 22, 2006

Chair Haukohl called the meeting to order at 8:45 a.m. and led the committee in the Pledge of Allegiance.

Present: Supervisors Pat Haukohl (Chair), Don Broesch, Bonnie Morris, Joe Marchese, Ken Herro.

Absent: Supervisors Jim Behrend and Genia Bruce. Supervisor Herro arrived at 9:36 a.m. Supervisor Broesch left the meeting at 11:30 a.m.

Also Present: Chief of Staff Lee Esler, Employment Services Manager Sue Zastrow, Employee Benefits Administrator Pete Hans, Senior Risk Management Analyst Jeff Newcomb, Risk Management Administrator Laura Stauffer, Principal Financial Projects Analyst Bob Ries, Accounting Services Manager Larry Dahl, Information Technology Manager Mike Biagioli, Financial Analyst Lindsay Johnson, Senior Financial Analyst Andy Thelke, Director of Administration Norm Cummings, County Board Chair Jim Dwyer.

Approve Minutes of 1/18/06

MOTION: Marchese moved, Broesch second, to approve the minutes of January 18, 2006. Motion carried 4-0.

Schedule Next Meeting Dates

- March 8
- March 22
- April 5

Chair's Executive Committee Report of 2/20/06

Haukohl advised of the following issues discussed at the 2/20/06 Executive Committee meeting:

- Two ordinances to decrease the size of the county board.
- UW-Extension and CDBG carryover funds from 2005 to 2006.
- CDBG gave an update on 2006 HOME Grant Award
- Two appointments were approved
- Committee reports.

Future Agenda Items

- Issues surrounding county board downsizing.

Discuss and Consider Ordinance 160-O-119: Approve Salary Range Changes for Medical Examiner and Pathologist and Modify the Medical Examiner 2006 Budget

Zastrow said Waukesha County's forensic pathologist resigned and we are recruiting to fill the position. When the medical examiner received the resignation, she asked human resources to do a salary survey to see what other counties across the nation are paying pathologists. Human resources staff completed a salary survey and found we are at the low end. Based on the survey, this ordinance will increase the salary ranges for the forensic pathologist and medical examiner.

Zastrow said the ordinance creates two new salary ranges 7% above the current minimums with a 35% spread and minimum, midpoint and maximum salaries. For recruitments, departments could only hire above the midpoint with the approval of the Director of Administration's approval. This won't change the medical examiner's current salary but rather will affect her potential maximum salary.

MOTION: Marchese moved, Broesch second, to approve Ordinance 160-O-119. Motion carried 4-0.

Discuss and Consider Ordinance 160-O-120: Select ICMA-RC as Sole Provider of Section 457 Deferred Compensation Plan Services and Adopt Section 457 Deferred Compensation Plan and Trust

MOTION: Morris moved, Broesch second, to approve Ordinance 160-O-120.

Broesch asked about the revenue sharing. Cummings said the advantage to going to one company will be the revenue sharing of \$65K from ICMA. The actual amount will go up and down based on where the money is invested. Revenue sharing monies will benefit employees by paying for an advisor to the investment advisory committee. A small amount of the revenue sharing will be used to enhance the meetings between financial consultants and participants. The money will be used to pay for an advisor. Hans said revenue sharing wasn't the decision maker in this deal. We want to provide better investment options for employees.

In response to Broesch's question, Cummings said the ordinance states that the county satisfies all fiduciary responsibilities.

Dwyer said this is an employee plan. The employees own the plan while Waukesha County is the administrator. The fiduciary responsibility goes to ICMA to provide education to the enrollees. Dwyer explained his past experience selecting a plan.

Morris asked if the work group will be making decisions on which funds the county should offer? Cummings said the group will follow policy guidelines to help them make decisions. They will report to Cummings office. By getting employees involved, they will understand the process better, watch investment more closely and derive more satisfaction with their investments.

Morris said the ordinance doesn't create the employee workgroup. Should the formation of the group be ordained? Cummings said HR will put together the group. Language on the group doesn't need to be in the ordinance.

In response to Haukohl's question about sidecar IRAs, Hans responded that IRS language allows Waukesha County to offer certain programs if they so decide such as loans or sidecar IRAs. The language in the ordinance sets up the possibility of a payroll pass through for Roth IRAs with fully taxable monies. We don't currently offer this service but this could be a demand by employees in the future.

Motion carried 4-0.

Fourth Quarter Claims and Worker's Compensation Report

Newcomb reviewed the fourth quarter report on Worker's Compensation claims. In 2005, 104 claims were opened with 32 remaining open year-end and \$466,836 incurred. Newcomb went on to highlight activities of the larger claims.

Supervisor Herro arrived at 9:36 a.m.

Stauffer reviewed the fourth quarter report on general liability, auto liability, auto physical damage and property damage claims. In 2005, 28 general liability claims were opened, 11 remained open at year-end, and \$118,200 was incurred. Thirty-eight auto liability claims were opened in 2005, 11 remain open and \$116,995 was incurred. Twenty-four auto physical damage claims were opened, two remained open and

the total incurred was \$48,687. Regarding property damage claims, 28 were opened, 12 remained open and \$310,668 was incurred. Stauffer highlighted the larger claims from past years.

Stauffer distributed and reviewed a handout showing the five-year averages for general liability – total incurred losses, auto liability – total incurred losses, auto physical damage – total incurred losses net subrogation, property damage – total incurred losses net subrogation, worker's compensation losses and five-year average losses by department.

MOTION: Marchese moved, Herro second, to accept the claims report. Motion carried 5-0.

Fourth Quarter Investments Report

Ries reviewed the fourth quarter investments report. The quarterly investment return decreased from 0.83% to 0.66%. The decrease was due in large part to a one-time loss due to the call of a US Treasury security in the JP Morgan portfolio. Returns on JP Morgan Asset Management funds decreased from 1.03% in the third quarter to 0.28% in the fourth quarter due to the premium amortization loss. Procedures have been put in place with JP Morgan to require them to submit trade tickets for future purchases that will disclose any conditions, which will prevent these types of losses in the future. On an annualized basis, JP Morgan's return was 3.93% including gains on sales of securities in the first quarter.

Total investment revenues decreased from \$1,518,861 in the third quarter to \$907,292 in the fourth quarter with all funds except Dana Investment Advisors showing decreases. Dana Investment Advisors was up two basis points in the fourth quarter. Dana's annualized return of 2.73% in the fourth quarter is up for the third straight quarter, a sign of a positive trend in the quarterly returns. The overall return on investments for the county for the last four quarters was 3.24%, which is down ten basis points from the third quarter. Without the one time loss, fourth quarter interest would have been approximately \$30K above the fourth quarter of 2004 despite average invested balance that were approximately \$6.1 million less than the same quarter last year.

Discuss and Consider Ordinance 160-O-121: Transfer Carryover Funds from 2005 Unexpended Appropriations to 2006 Budgeted Appropriations

Dahl and Ries discussed this annual ordinance and attached charts. The total number of funds being requested for carry over from all departments is \$2, 491,074 which is an increase from \$2,391,506 in 2004. Dahl explained that often times state and federal grant funds follow a different fiscal timeline.

Haukohl asked are UW-Extension/CDBG funds in the report counted twice? Dahl said some funds are counted twice due to current accounting procedures. Haukohl said she would like to see a footnote added to future reports to explain the double accounting.

MOTION: Morris moved, Broesch second, to approve Ordinance 160-O-121. Motion carried 5-0.

Information Management Panel Report of January 20, 2006

Biagioli reported that the following issues were discussed at the January 20, 2006 Information Management Panel meeting:

- Introduction of the new IT management team
- WiSACWIS project update
- Review of dispatch center issues
- Update on mobile data computing
- Update on the tax records systems replacement project.

Supervisor Broesch left the meeting at 11:30 a.m.

Update on the 2006 Prioritization List of Information Technology Projects

Biagioli distributed and reviewed a handout titled 2006 IT Major Initiatives Calendar. Biagioli highlighted the following projects: tax records/listing replacement, MDC system integration, HHS systems, electronic document retention, centralized county cashiering systems, internal IT initiatives, CUBS system upgrade, integration of Web content management, re-engineering the IT infrastructure, NOS environmental analysis, enterprise data warehouse and Web-imaging initiatives. Biagioli described initiatives his department is involved in that are not listed on the handout including supporting the Communications Center, seeking opportunities to cooperate with other governments for IT initiatives and standardization across the county.

MOTION: Marchese moved, Herro second, to adjourn the meeting at 11:55 a.m. Motion carried 4-0.

Respectfully submitted,

Bonnie J. Morris
Secretary